

SERFF Tracking Number: XLAM-125590057 State: Arkansas
Filing Company: Greenwich Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: 08GD-XL-RP01-MU-AR
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions Liability
Product Name: Other Liability
Project Name/Number: PEARL Real Estate Professional Rate & Form Filing/08GD-XL-RP01-MU-AR

Filing at a Glance

Company: Greenwich Insurance Company

Product Name: Other Liability

TOI: 17.0 Other Liability - Claims
Made/Occurrence

Sub-TOI: 17.0019 Professional Errors &
Omissions Liability

Filing Type: Rate

SERFF Tr Num: XLAM-125590057 State: Arkansas

SERFF Status: Closed

State Tr Num: EFT \$100

Co Tr Num: 08GD-XL-RP01-MU-
AR

Co Status:

State Status: Fees verified and
received

Reviewer(s): Betty Montesi, Edith
Roberts, Brittany Yielding

Author: Trish Pollard

Date Submitted: 04/02/2008

Disposition Date: 04/14/2008

Disposition Status: Approved

Effective Date Requested (New): 06/01/2008

Effective Date Requested (Renewal): 06/01/2008

Effective Date (New):

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: PEARL Real Estate Professional Rate & Form Filing

Project Number: 08GD-XL-RP01-MU-AR

Reference Organization:

Reference Title:

Filing Status Changed: 04/14/2008

State Status Changed: 04/14/2008

Corresponding Filing Tracking Number:

Filing Description:

PEARL Real Estate Program Rate and Form Revision

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Company and Contact

Filing Contact Information

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Patricia Pollard, Compliance Analyst patricia.pollard@xlai.com
1201 N. Market Street (302) 661-7010 [Phone]
Wilmington, DE 19801 (302) 778-4190[FAX]

Filing Company Information

Greenwich Insurance Company CoCode: 22322 State of Domicile: Delaware
1201 North Market street Group Code: 1285 Company Type:
Suite 501
Wilmington, DE 19801 Group Name: State ID Number:
(866) 304-3079 ext. [Phone] FEIN Number: 95-1479095

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Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Greenwich Insurance Company	\$100.00	04/02/2008	19205590

SERFF Tracking Number: *XLAM-125590057* *State:* *Arkansas*
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	04/14/2008	04/14/2008

SERFF Tracking Number: *XLAM-125590057* *State:* *Arkansas*
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Disposition

Disposition Date: 04/14/2008

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: XLAM-125590057 State: Arkansas

Filing Company: Greenwich Insurance Company State Tracking Number: EFT \$100

Company Tracking Number: 08GD-XL-RP01-MU-AR

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions Liability

Product Name: Other Liability

Project Name/Number: PEARL Real Estate Professional Rate & Form Filing/08GD-XL-RP01-MU-AR

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Rate	Arkansas State Rate Page	Approved	Yes
Rate	Product Manual	Approved	Yes
Rate	Expense Exhibit	Approved	Yes

<i>SERFF Tracking Number:</i>	<i>XLAM-125590057</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Company Tracking Number:</i>	<i>08GD-XL-RP01-MU-AR</i>		
<i>TOI:</i>	<i>17.0 Other Liability - Claims Made/Occurrence</i>	<i>Sub-TOI:</i>	<i>17.0019 Professional Errors & Omissions Liability</i>
<i>Product Name:</i>	<i>Other Liability</i>		
<i>Project Name/Number:</i>	<i>PEARL Real Estate Professional Rate & Form Filing/08GD-XL-RP01-MU-AR</i>		

Rate Information

Rate data does NOT apply to filing.

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Approved	Arkansas State Rate Page	3-2008 Edition	Replacement	AR-PC-07-023847	XL Real Estate Rate Page AR 2008.pdf
Approved	Product Manual	3-2008 Edition	Replacement	AR-PC-07-023847	Real Estate Product Manual Final GIC 2008 CW.pdf
Approved	Expense Exhibit	3-2008	Replacement	AR-PC-07-023847	GL Expense Profit Support 1.pdf

Real Estate Errors and Omissions

Arkansas

Value Rating Plan

Rate Schedule - Value (Rate per Ratable Agents)

Limit/Aggregate	Deductible					
	\$1,000	\$1,500	\$2,500	\$5,000	\$10,000	\$15,000
\$250,000/\$250,000	\$300	\$285	\$268	\$221	\$192	\$179
\$250,000/\$500,000	\$321	\$305	\$280	\$236	\$206	\$191
\$500,000/\$500,000	\$345	\$329	\$302	\$254	\$221	\$206
\$500,000/\$1,000,000	\$369	\$351	\$322	\$272	\$236	\$220
\$1,000,000/\$1,000,000	\$388	\$370	\$339	\$286	\$249	\$231
\$1,000,000/\$2,000,000	\$417	\$398	\$365	\$308	\$268	\$249
\$2,000,000/\$2,000,000	\$479	\$457	\$419	\$353	\$307	\$286

Rating Factors

Multiply by all the factors that apply.

Claims Modification Factors

Size of Firm	Total Incurred Claims - Last Five Years											
	0	1 - 5,000	5,001-10,000	10,001-20,000	20,001-30,000	30,001-45,000	45,001-60,000	60,001-75,000	75,001-100,000	100,001-125,000	125,001-150,000	Over 150,000
1-10	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.30	1.30	1.30	1.30
11-15	0.90	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.30	1.30	1.30

Miscellaneous Factors

Category	Factor
Professional Designations (at least 15% of staff)	0.95
Home Warranty Program	0.95

Non-Residential Exposure

Non-residential Exposure %	Modification Factor
0-5%	1.00
6-10%	1.10
11-15%	1.15
16-20%	1.20
21-25%	1.25
26-30%	1.30
31-35%	1.35
36-40%	1.40

Average Revenue Per Agent

Average Revenue Per Agent	Factor
below 40,000	0.94
40,001 - 50,000	1.00
50,001 - 60,000	1.07
60,001 - 70,000	1.14
70,001 - 85,000	1.21
85,001 - 100,000	1.28
100,001 - 125,000	1.35
125,001 - 150,000	1.42
150,001 - 175,000	1.49
175,001 - 200,000	1.56
200,001 - 250,000	1.63
over 250,000	1.70

Firm Size Factors

Total Sales Staff	Factor
1-3	1.00
4-5	0.95
6-10	0.90
11-15	0.85

Prior Acts Factors

Years of Prior Acts	Factor
0	0.80
1	0.90
2 +	1.00

Claims Free Longevity Factor

Years	Factor
0-2	1.00
3-5	0.95
6+	0.90

Minimum Premium per Policy

Deductible	Per Claim Limit		
	\$250K	\$500K	\$1M
\$1,000	\$671	\$771	\$872
\$1,500	\$652	\$750	\$848
\$2,500	\$600	\$690	\$780
\$5,000	\$546	\$628	\$710
\$10,000		\$545	\$616
\$15,000			\$577

Real Estate Errors and Omissions

Arkansas

Choice Rating Plan

Determination of Ratable Revenue**Class of Service Factors**

Gross Revenue	Residential Real Estate Sales/Leasing	Property Management and Commercial Real Estate Sales/Leasing	Commercial Appraisal and Business Brokerage	Residential Appraisal and Real Estate Consultant	Mortgage Broker	Sale of Owned Residential Property	All Other
Factor	1.00	1.70	2.25	2.00	1.50	1.25	1.10

Base Rates

Ratable Revenue	Base Rate
First \$150,000	6.80
Next \$350,000	4.42
Next \$500,000	3.60
Next \$4,000,000	3.26
Next \$5,000,000	2.72
Over \$10,000,000	Refer to Co.

State/Territory Relativity Factor

Territory	Factor
Arkansas	1.00

Rating Factors

Multiply by all the factors that apply.

Increased Limit Factors

Limit / Aggregate	Factor
\$250,000/\$250,000	1.00
\$250,000/\$500,000	1.12
\$500,000/\$500,000	1.16
\$500,000/\$1,000,000	1.29
\$1,000,000/\$1,000,000	1.36
\$1,000,000/\$2,000,000	1.58
\$2,000,000/\$2,000,000	1.76
\$3,000,000/\$3,000,000	1.95
\$4,000,000/\$4,000,000	2.11
\$5,000,000/\$5,000,000	2.27

Deductible Credits

Deductible	Credit
\$1,000	0.00
\$1,500	0.08
\$2,500	0.16
\$5,000	0.30
\$10,000	0.48
\$15,000	0.56
\$20,000	0.64
\$25,000	0.70
\$50,000	0.80
\$100,000	0.90

Claims Modification Factors

Size of Firm Revenue (1,000's)	Total Incurred Claims - Last Five Years											
	0	1 - 5,000	5,001-10,000	10,001-20,000	20,001-30,000	30,001-45,000	45,001-60,000	60,001-75,000	75,001-100,000	100,001-125,000	125,001-150,000	Over 150,000
Below 500	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40	1.45	1.50
500-1,500	0.90	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40	1.45
1,501-3,500	0.85	0.90	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40
3,501-5,000	0.80	0.85	0.90	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35
5,001-7,500	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30
Over 7,500	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.10	1.15	1.20	1.30

Claims Free Longevity Factor

Years	Factor
0-2	1.00
3-5	0.95
6+	0.90

Miscellaneous Factors

Category	Factor
Professional Designations (at least 15% of staff)	0.95
Home Warranty Program	0.95

Prior Acts Factors

# of Years	Factor
0	0.80
1	0.90
2+	1.00

Minimum Premium per Policy

Deductible	Per Claim Limit		
	\$250K	\$500K	\$1M
\$1,000	\$671	\$771	\$872
\$1,500	\$652	\$750	\$848
\$2,500	\$600	\$690	\$780
\$5,000	\$546	\$628	\$710
\$10,000		\$545	\$616
\$15,000			\$577

Real Estate Errors and Omissions

Arkansas

Additional Modification Factors**Individual Risk Premium Modifications**

Risk Characteristics	Modification Range	
	Credit	Debit
Business Activities	25%	25%
Realtor Characteristics	25%	25%
Conflict Resolution	25%	25%
Business Practices	25%	25%

The total credit/debit is limited to a maximum of +/-25%.

Optional First Dollar Defense Endorsement

Deductible	Modification Factor
\$1,000	1.10
\$1,500	1.12
\$2,500	1.14
\$5,000	1.16
\$10,000	1.23
\$15,000	1.27
\$20,000	1.30
\$25,000	1.32

Optional Deductible Reduction Endorsement

Deductible	Modification Factor
\$1,000	1.03
\$1,500	1.03
\$2,500	1.03
\$5,000	1.03
\$10,000	1.05
\$15,000	1.05
\$20,000	1.05
\$25,000	1.05
\$50,000	1.05

Optional Higher Discrimination Limit

Per Claim Limit	Modification Factor
\$500,000	1.04
\$1,000,000	1.07

Optional Claims Expense Inside the Limit of Liability

Per Claim Limit	Modification Factor
\$250,000	0.93
\$500,000	0.95
\$1,000,000	0.97
\$2,000,000	0.99

Optional Construction Development Coverage

Sublimit	Modification Factor
\$250,000	1.08
\$500,000	1.16
\$1,000,000	1.24

Optional Open House Property Damage Coverage

Sublimit	Modification Factor
\$50,000	1.00
\$100,000	1.03
\$250,000	1.05

Optional Fungi and Bacteria Sublimit

Sublimit	Modification Factor
\$100,000	1.10

Optional Bodily Injury/Property Damage Coverage

Expansion of Coverage	Modification Factor
BI/PD	1.15

**GREENWICH INSURANCE COMPANY
ONE WORLD FINANCIAL CENTER
200 LIBERTY STREET, 27th FLOOR
NEW YORK, NY 10281**

**REAL ESTATE ERRORS AND OMISSIONS
PRODUCT MANUAL**

Section I. - General Rules

1. Application of Manual

This manual provides rules, rates, premiums, and classifications for the following Real Estate Errors and Omissions programs: Value Rating Plan and Choice Rating Plan.

2. Scope of Coverage

This program is designed to provide coverage for the legal liability of the insured for acts or omissions in the performance of providing real estate services.

3. Whole Dollar Rule

In the event the application of any rating procedure applicable in accordance with this manual where the total result is not a whole dollar, each rate and premium shall be adjusted as follows:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

4. Additional Premium Charges

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change, even if the policy inception premium was less than the policy writing minimum premium.

5. Restrictions of Coverage or Increased Rate

Subject to individual State Regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

REAL ESTATE ERRORS AND OMISSIONS PRODUCT MANUAL

Section I – General Rules

6. Return Premium

- A. Deletion of any coverage, other than optional coverages, is not permitted unless the entire policy is canceled.
- B. Compute return premiums at the rates used to calculate the policy premium at the inception of this policy period.
- C. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

7. Policy Cancellations

- A. Compute return premium pro rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period when:
 - 1. the policy is canceled at the Company's request;
 - 2. the insured no longer has a financial or an insurable interest in the property or operation that is the subject of insurance;
 - 3. a policy is canceled and rewritten in the same Company or Company group;
- B. If cancellation is for any reason other than stated in A.1. above, compute the return premium at .90 of the pro rate unearned premium for the one year period and round in accordance with the Whole Dollar Rule.

8. Extended Reporting Period

- A. Optional Extended Reporting Period
 - 1. The additional premium for the optional extended reporting period shall be based on the rates for such coverage in effect on the date the Policy was issued or last renewed.
 - 2. Available Extended Reporting Options:
 - 1 year at 80%;
 - 2 years at 120%; or
 - 3 Years at 150%.

REAL ESTATE ERRORS AND OMISSIONS PRODUCT MANUAL

Section II. A. – Value Rating Plan

1. Real Estate Practice Policy General Rules

Real Estate Errors and Omissions General Rules found in Section I. of this manual shall apply to this program.

2. Policy Term

All premiums and rates contained in this manual are annual, unless otherwise specifically identified. When a policy is issued for other than a whole year, pro-rate the premium. Each renewal premium shall be computed according to the then current rules, rates, and forms.

3. Eligibility

Firms with 15 or fewer agents operating predominantly in residential properties and meeting objective underwriting criteria are eligible for the Value Plan.

4. Calculation of Premium

- A. Determine the appropriate rate at the desired limit and deductible from the Value Rating Plan State Page.
- B. Multiply the rate from step A above by the Total Ratable Agents. Total Ratable Agents are equal to full time professionals plus ½ of the part-time professionals rounded to the nearest whole number.
- C. Calculate the Insured's total incurred claims for the latest five years. Then multiply the amount calculated in step C above by the Claims Experience Modification Factor. Total incurred claims is meant to be total paid loss and allocated loss adjustment expense plus case loss reserves and allocated loss expense reserves.
- D. If at least 15% of the staff members have a professional designation, multiply the amount calculated in step C above by the appropriate Professional Designations Factor.
NOTE: For the purposes of rating, multiple professional designations for a single individual will count as one designation.
- E. If the insured maintains a home warranty program, multiply the amount calculated in step D above by the appropriate Home Warranty Program Factor.

REAL ESTATE ERRORS AND OMISSIONS PRODUCT MANUAL

Section II. A. – Value Rating Plan

- F. Calculate the percentage of gross revenue from non-residential exposure. Then multiply the amount calculated in step E above by the appropriate Non-Residential Exposure Modification Factor.
- G. Calculate the Average Income per Agent by dividing total revenue by the number of professionals determined in step B above. Then multiply the amount calculated in step F above by the appropriate Average Revenue per Agent factor.
- H. Multiply the amount calculated in step G above by the appropriate Firm Size Factor.
NOTE: For the purposes of rating, the firm size is the total number of professionals from step B above.
- I. If the insured has had no claims in the experience period, multiply the amount calculated in step H above by the appropriate claims free longevity factor by using the number of years that the insured has continuously been a member of the Real Estate Professionals Risk Purchasing Association.
- J. Multiply the amount calculated in step I above by the appropriate Retroactive Date Factor.
NOTE: For the purposes of rating, round the number of years of prior acts to the nearest year.
- K. When applicable, apply Individual Risk rating credits/debits to the amount calculated in step J above. NOTE: Consult the state specific Individual Risk Rate to determine the maximum allowable credit/debit. Credits/Debits must stay within the allowable range.
- L. If the Claims Expense Inside the Limit option is selected, multiply the amount calculated in step K by the appropriate CEIL factor.
- M. If the amount in step L above is less than the Minimum Premium per Policy, stated in the Value Rating Plan state page, substitute the appropriate minimum premium for the amount determined in step L above
- N. If an optional coverage(s) is (are) selected, multiply the amount calculated in step M above by the appropriate surcharge(s) shown on the state rate page.

The result from step N is the final premium

REAL ESTATE ERRORS AND OMISSIONS PRODUCT MANUAL

Section II. B. – Choice Rating Plan

1. Real Estate Errors and Omissions General Rules

Real Estate Errors and Omissions General Rules found in Section I. of this manual shall apply to this program.

2. Policy Term

All premiums and rates contained in this manual are annual, unless otherwise specifically identified. When a policy is issued for other than a whole year, pro-rate the premium. Each renewal premium shall be completed according to the current rules, rates and forms.

3. Eligibility

Firms not qualifying for the Value Rating Plan and those requiring optional coverages are eligible for the Choice Rating Plan.

4. Calculations of Premium

- A. Determine the amount of ratable revenue by multiplying the appropriate class of service factor in the Premier Rating Plan state page to the applicable revenue.

Example:

Class of Service	Revenue	Class of SVC Factor	Ratable Revenue
Commercial Sales	400,000	1.50	600,000
Property Management	100,000	2.25	225,000
Residential Sales	200,000	1.00	200,000
Total	700,000		1,025,000

- B. Determine the amount of ratable revenue by layer, divide by 1000 and multiply by the appropriate layer rate from the Choice Rating Plan state page to obtain the layer premium. The sum of the layer premiums is the base premium.

Exception: If an insured engages in activities, which are to be excluded under the policy, the gross revenues derived from those activities should be omitted from the premium calculation.

Example: Total Ratable Revenue - \$1,025,000

Layer (in 1,000s)	Ratable Revenue (in 1,000s)
First \$150	150
Next \$350	350
Next \$500	500
Next \$1000	25
Total	1,025

REAL ESTATE ERRORS AND OMISSIONS PRODUCT MANUAL

Section II. B. – Choice Rating Plan

- C. Multiply the base premium by the appropriate State/Territory factor from the Choice Rating Plan State Page.
- D. Multiply the state specific base premium by the appropriate Increased Limit and Deductible Factor. Note: The appropriate deductible credit should be subtracted from the selected Increased Limit Factor.
- E. Calculate the Insured's total incurred claims for the latest five years. Then multiply the amount calculated in step D above by the Claims Experience Modification Factor. Total incurred claims is meant to be total paid loss and allocated loss adjustment expense plus case loss reserves and allocated loss expense reserves.
- F. If at least 15% of the staff members have a professional designation, multiply the amount calculated in step E above by the appropriate Professional Designations Factor.
NOTE: For purposes of rating, multiple professional designations for a single individual will count as one designation.
- G. If the insured maintains a home warranty program, multiply the amount calculated in step F above by the appropriate Home Warranty Program Factor.
- H. If the insured has had no claims in the experience period, multiply the amount calculated in step G above by the appropriate claims free longevity factor by using the number of years that the insured has continuously been a member of the Real Estate Professionals Risk Purchasing Association.
- I. Multiply the amount calculated in step H above by the appropriate Retroactive Date Factor.
NOTE: for the purposes of rating, round the number of years of prior acts to the nearest year.
- J. When applicable, apply Individual Risk Modifiers Rating credits/debits to the amount calculated in step I above. NOTE: Consult the state specific Individual Risk Rate to determine the maximum allowable credit/debit. Credits/Debits must stay within the allowable range.
- K. If the Claims Expense Inside the Limit option is selected, multiply the amount calculated in step J by the appropriate CEIL factor
- L. If the amount in step K above is less than the Minimum Premium per Policy, stated in the Choice Rating Plan Rate Page, substitute the appropriate minimum premium for the amount in step K above.
- M. If an optional coverage(s) is (are) selected, multiply the amount calculated in step L above by the appropriate surcharge(s) shown on the state rate page.

The result from step M is the final premium

XL Insurance**Real Estate Professional Liability****Expense Exhibit**

Commission & Brokerage	24.0%
Other Acquisition	2.0%
General Expense	10.0%
Taxes, Licenses, & Fees	3.0%
<u>Profit & Contingencies*</u>	<u>-4.6%</u>
Total Expenses	34.4%
<hr/>	
Expected Loss Ratio	65.6%

* P&C factor includes provision for Investment Income.

XL Insurance
Estimated Investment Earnings

A.	Unearned Premium Reserve	
	1. Estimated Ultimate Premium	814,837,000
	2. Estimate Mean Unearned Premium Reserve	457,295,000
	3. Deduction for Prepaid Expense	
	Commission & Brokerage	24.00%
	Taxes, License and Fees	3.00%
	50% Other Acquisition	1.00%
	50% General Expense	5.00%
	Total	33.00%
	4. (2) x (3)	150,907,350
	5. Net Subject to Investment (2) - (4)	306,387,650
B.	Delayed Remission of Premium (Agents' Balances)	
	1. Estimated Ultimate Premium	814,837,000
	2. Average Agents' Balances (see attached exhibit)	27.4%
	3. Delayed Remission (1) x (2)	223,647,669
C.	Loss Reserves	
	1. Estimated Ultimate Premium	814,837,000
	2. Expected Incurred Loss and LAE Ratio	65.6%
	3. Expected Incurred Loss and LAE (1) * (2)	534,585,314
	4. Mean Loss Reserve to Incurred Loss Ratio (see attached exhibit)	2.850
	5. Expected Mean Loss Reserves (3) * (4)	1,523,502,718
D.	Surplus	
	1. Surplus [P:S=1.5] * A(1)	543,224,667
E.	Subject to Investment Income $A(5) - B(3) + C(5) + D(1)$	2,149,467,366
F.	Avg Rate of Return (see attached exhibit)	4.66%
G.	Investment Earnings $F * E$	100,116,073
H.	Avg ROR as % of EP BFIT $G / A(1)$	12.29%
I.	Avg ROR as % of EP AFIT (Overall tax rate of 34.9% applied, see attached)	7.99%
J.	Required Total Return on Premium (see attached exhibit)	5.00%
K.	Indicated U/W Profit Provision $J - I$	-2.99%
L.	Indicated Pre Tax U/W Profit Provision $K / (1 - 0.35)$	-4.61%
M.	Selected Pre Tax U/W Profit Provision	-4.61%

XL Insurance
Estimated Investment Earnings

Line A-2

The unearned premium reserve is the average UPR for XL Reinsurance America Inc. and its Affiliated Property and Casualty Insurers for year end 2004 and 2005.

Line A-3*Deduction for prepaid expenses:*

Production costs and a significant portion of other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the premium is written and before the premium is paid. These provisions were selected from the program experience.

Line B-2*Delayed Remission of Premium:*

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the initial effective date of their policies. Funds for the unearned premium reserve required during the initial days of most policies must be taken from the company's surplus.

The ratio is based on data from the Best's Aggregates and Averages 2006 Edition.

1.	Net Earned Premium for Calendar Year 2005	209,254,693
2.	Net Agents' Balances as of 12/31/05	60,162,878
3.	Net Agents' Balances as of 12/31/04	54,705,063
4.	Mean Agents' Balances: $0.5 * [(2) + (3)]$	57,433,971
5.	Ratio (4) / (1)	27.45%

XL Insurance

Estimated Investment Earnings

Line C-3*Expected Mean Loss Reserve*

The expected mean loss reserve is determined by multiplying the expected incurred losses from C-2 by the average historical ratio of the mean loss and loss adjustment expenses to the incurred losses and loss adjustment expenses for the line of business. This ratio is based on line of business specific data and includes an adjustment for the estimated federal income taxes payable due to the discounting of loss reserves.

Industry

1.	Incurred losses and LAE for 2004	41,869,862
2.	Incurred losses and LAE for 2005	50,594,983
3.	Net Loss and LAE Reserves as of 12/31/2003	134,372,976
4.	Net Loss and LAE Reserves as of 12/31/2004	126,744,235
5.	Net Loss and LAE Reserves as of 12/31/2005	166,890,859
6.	Mean Loss Reserves 2004: $0.5 * [(3) + (4)]$	130,558,606
7.	Mean Loss Reserves 2005: $0.5 * [(3) + (4)]$	146,817,547
8.	Ratio (6) / (1)	3.118
9.	Ratio (7) / (2)	2.902
10.	$0.5 * [(8) + (9)]$	3.010
11.	Estimated Reserve Discount	15.2%
12.	Federal Taxes Payable (% of reserves): (11) * 35%	5.3%
13.	$(10) * [1.0 - (12)]$	2.850
14.	Selected	2.850

XL Insurance

Estimated Investment Earnings

Calculation of Total Rate of Return

based on XL Reinsurance America Inc and its Affiliated Property and Casualty Insurers Combined Annual Statement.

Net Investment Income Earned

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Unearned Premium less Agents Balances</u>	<u>Loss and LAE Reserves</u>	<u>Surplus</u>	<u>Mean*</u>	<u>Rate of Return</u>
2001	97,319	126,694	1,271,121	639,422	2,037,237	4.8%
2002	95,751	203,878	1,470,715	1,138,641	2,425,235	3.9%
2003	122,893	270,389	1,779,988	1,636,913	3,250,262	3.8%
2004	132,898	324,788	1,943,577	1,777,919	3,866,787	3.4%
2005	182,870	338,775	2,253,250	1,856,151	4,247,230	4.3%
Total	631,731	1,264,523	8,718,651	7,049,046	15,826,751	4.0%

Net Realized Capital Gains (Losses)

<u>Year</u>	<u>Realized Capital Gains or Losses</u>	<u>Unearned Premium less Agents Balances</u>	<u>Loss and LAE Reserves</u>	<u>Surplus</u>	<u>Mean*</u>	<u>Rate of Return</u>
2001	24,433	126,694	1,271,121	639,422	2,037,237	1.2%
2002	49,870	203,878	1,470,715	1,138,641	2,425,235	1.8%
2003	34,794	270,389	1,779,988	1,636,913	3,250,262	0.9%
2004	16,562	324,788	1,943,577	1,777,919	3,866,787	0.4%
2005	(5,036)	338,775	2,253,250	1,856,151	4,247,230	-0.1%
Total	120,623	1,264,523	8,718,651	7,049,046	15,826,751	0.8%

Net Unrealized Capital Gains (Losses)

<u>Year</u>	<u>Unrealized Capital Gains or Losses</u>	<u>Unearned Premium less Agents Balances</u>	<u>Loss and LAE Reserves</u>	<u>Surplus</u>	<u>Mean*</u>	<u>Rate of Return</u>
2001	(4,961)	126,694	1,271,121	639,422	2,037,237	-0.2%
2002	(6,630)	203,878	1,470,715	1,138,641	2,425,235	-0.2%
2003	(370)	270,389	1,779,988	1,636,913	3,250,262	0.0%
2004	3,566	324,788	1,943,577	1,777,919	3,866,787	0.1%
2005	(6,794)	338,775	2,253,250	1,856,151	4,247,230	-0.2%
Total	(15,189)	1,264,523	8,718,651	7,049,046	15,826,751	-0.1%

TOTAL Rate of Return: **4.7%**

* Mean not available for 2001

XL Insurance

Estimated Investment Earnings

Line J

Calculation of After Tax Target Rate of Return

The Company has determined that an average after-tax return on equity of at least 10% is necessary to attract and retain investors. This target has been tested by using industry known Capital Assets Pricing Model, which determines the cost of equity capital that stock holders demand. The equation of the model is as follows:

$$KE = RF^1 + B(RM - RF^2)$$

KE = cost of equity capital

RF¹ = risk free rate of return (10 year Treasury Note)

RF² = risk free rate of return (25 year average)

B = Beta

RM = overall rate of return on stock market

A value of 5.02% has been selected for the RF¹. This is the yield on 10 year US Treasury Notes as of April 21, 2006.

A value of 7.58% has been selected for RF². This is the twenty-five year average (1981-2005) of annual yields on 10 year US Treasury Notes.

The B rating for XL Capital is 0.8 (Source: NYSE, 5/1/06)

A value of 14.23% has been selected for the RM, the overall rate of return on the stock market. This is the twenty-five year average (1979-2003) as measured by the S&P 500 Index.

Based on the selected parameters, a fair and reasonable cost of equity capital would be 10%. The selection of 10% is hence fair and reasonable.

where:

KE =	5 + 0.8*(14.2-7.6)	RF ¹ =	5.02%
KE =	10.0%	RF ² =	7.58%
Selected =	10.0%	B=	0.80
		RM=	14%

XL Insurance

Estimated Investment Earnings

Line I

The effective income tax rate on investment income is calculated as a weighted average of the effective tax rate on investments and the tax rate for capital gains, with the rates of return used as weights.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	4.31%	34.9%
Net Realized Capital Gains	<u>0.76%</u>	<u>35.0%</u>
	5.07%	34.9%

The average rate of federal income tax is determined by applying appropriate tax rates to the distribution of investment income earned for the current year for XL Reinsurance America Inc. and its Affiliated Property and Casualty Insurers as in the 2005 Annual Statement.

	<u>Investment Income Earned</u>	<u>Federal Income Tax Rate</u>
<u>Bonds</u>		
Taxable	160,197,000	35.0%
<u>Non-Taxable*</u>	<u>401,000</u>	<u>5.0%</u>
Total	160,598,000	34.9%
<u>Stocks</u>		
Taxable**	83,000	14.2%
<u>Non-Taxable (affiliates)</u>	<u>0</u>	<u>35.0%</u>
Total	83,000	14.2%
Mortgage Loans	0	35.0%
Real Estate	0	35.0%
Cash on Deposit	9,746,000	35.0%
Short-Term Investments	0	35.0%
<u>All Other</u>	<u>17,748,000</u>	<u>35.0%</u>
Total	27,494,000	35.0%
Grand Total	188,175,000	34.9%
Investment Deduction	5,305,000	35.0%
Net Inv. Inc. Earned	182,870,000	34.9%

* Assumes 65% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate tax rate of 35%. The applicable tax rate is thus 5%
 $(.95 * .15 * .35 = .05)$

** 30% of the dividend income is added to the full corporate tax rate of 35%. Assume all of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 14.2% $((.30 * .35) + (.7 * .15 * .35) = .142)$

SERFF Tracking Number: XLAM-125590057 State: Arkansas
 Filing Company: Greenwich Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: 08GD-XL-RP01-MU-AR
 TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions Liability
 Product Name: Other Liability
 Project Name/Number: PEARL Real Estate Professional Rate & Form Filing/08GD-XL-RP01-MU-AR

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status:	Approved	04/14/2008
Comments:				
Attachments:				
NAIC Transmitta-Rates.pdf				
Real Estate Actuarial Memo 2008 CW.pdf				
Rate-Rule Filing Schedule.pdf				
Bypassed -Name:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Review Status:	Approved	04/14/2008
Bypass Reason:	N/A to this filing			
Comments:				
Bypassed -Name:	NAIC loss cost data entry document	Review Status:	Approved	04/14/2008
Bypass Reason:	N/A to this filing			
Comments:				

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
g. SERFF Filing #:		
h. Subject Codes		

3. Group Name	Group NAIC #
XL America, Inc.	1285

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Greenwich Insurance Company	DE	22322	95-1479095	

5. Company Tracking Number	08GD-XL-RP01-MU-AR
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Patricia Pollard 1201 N. Market, Suite 501 Wilmington, DE 19801	Senior State Filings Analyst	302-661-7059 866-304-3079	302-778-4190	Patricia.Pollard@xlgroup.com

7.	Signature of authorized filer	
8.	Please print name of authorized filer	Patricia Pollard

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Other Liability 17.0000
10. Sub-Type of Insurance (Sub-TOI)	Errors & Omissions 17.0019
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	PEARL Real Estate Professional
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 6/1/08 Renewal: 6/1/08
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	

20. This filing transmittal is part of Company Tracking #	08GD-XL-RP01-MU-AR
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Greenwich Insurance Company is proposing a change to its Real Estate Agents Errors & Omissions Program filing for the Real Estate Professionals Risk Purchasing Group Association domiciled in Peoria, IL.

The proposed change involves a restructuring of the two rate plans currently in effect . Please see the attached actuarial memo and supporting information for additional details of this filing.

Our initial program was submitted under our file number 05GD-XL-RP01-MU-AR (your file #AR-PC-015832), approved effective December 1, 2005.

We propose an effective date of June 1, 2008.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div data-bbox="159 1526 381 1593"> <p>Check #: EFT</p> <p>Amount: 100.00</p> </div> <div data-bbox="159 1841 1474 1911"> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p> </div>	

Effective March 1, 2007

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

Greenwich Insurance Company
Real Estate Agents Errors & Omissions
Actuarial Memorandum

Overview

Greenwich Insurance Company is proposing a change to its Real Estate Agents Errors & Omissions Program. The proposed change involves a restructuring of the two rate plans currently in effect. The current manual has a residential rate plan, which charges a rate per agent, and a commercial rate plan which charges a rate per \$1000 of revenue. GIC proposes a Value Plan, similar to the current residential plan, except that it will be restricted to small residential firms. GIC also proposes a Choice Plan, similar to the current commercial plan, except that it now allows for large residential firms that do not qualify for the Value Plan. Changes to base rates, class of service factors, experience rating factors, and firm size factors are also proposed in this filing. GIC also proposes adding a \$1500 deductible option to the Value plan and \$1000, \$1500, and \$20,000 deductible options to the Choice plan, and proposes slight changes to the increased limit and deductible factors in the Choice plan. The filing also proposes adding a home warranty credit to the Choice plan, adding optional coverage for open house property damage, and modifying the optional bodily injury/property damage coverage factor. The total average impact of these changes to our current insureds is -9.9%.

Expense and Investment Income

The projected expenses are based on the expected expense structure of this program. Actual expected commission is used along with internal estimates of other acquisition, general and taxes/licenses/fees. An ISO state x method is used for determining the investment income provision. Annual statement data along with Other Liability page 15 data is used to project the pre-tax underwriting profit provision.

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	07GD-XL-RP01-MU-AR-R
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	07GD-XL-RP01-MU-AR
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☐ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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4a.	Rate Change by Company (As Proposed)						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Greenwich	0	-9.9%	0				0

4b.	Rate Change by Company (As Accepted) For State Use Only						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

Overall Rate Information (Complete for Multiple Company Filings only)			
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		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	0	
5b.	Overall percentage rate impact for this filing	-9.9	
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	-1.0
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7.	Effective Date of last rate revision	06/01/2007
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Arkansas State Rate Page	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-07-023847
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	